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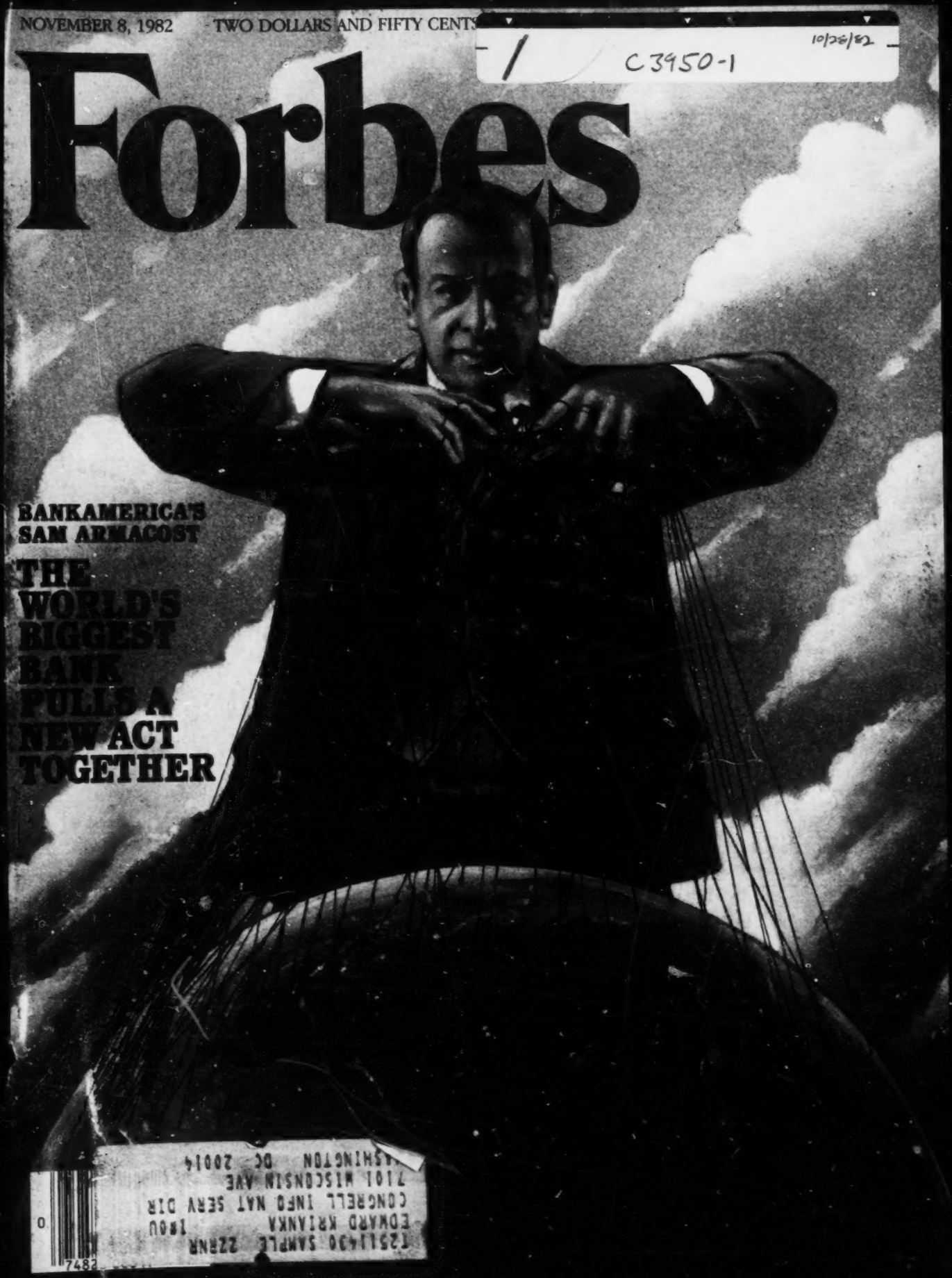

BANKAMERICA'S SAM ARMACOST

THE WORLD'S BIGGEST BANK PULLS A NEW ACT TOGETHER

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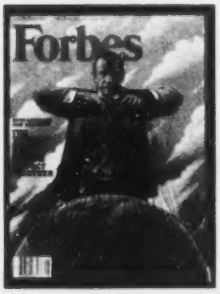
November 8, 1982
Volume 130,
Number 10



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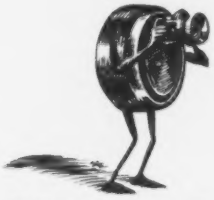

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Illustrations:
39, 174, Chas. B. Slackman; 50, Lynn Sturm Levy; 56, 58, Gil Eisner

Map and Diagram: 202, 218, Bob Conrad

Cover:
Stan Zagorski

Forbes (ISSN 0015 6914) is published biweekly by Forbes Inc., 60 Fifth Ave., New York, N.Y. 10011. Second-class postage paid at New York, N.Y. and at additional mailing offices. Subscription $33 a year, U.S.A. Postmaster: Send address changes to Forbes, 60 Fifth Ave., New York, N.Y. 10011.

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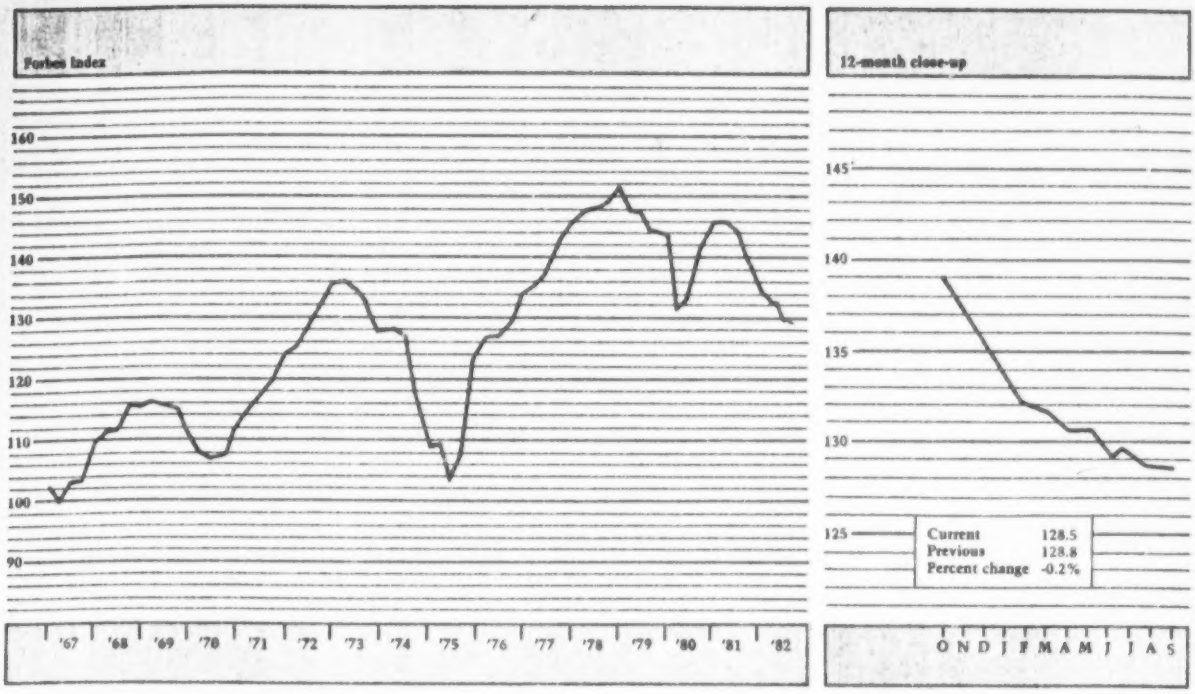
The Forbes Index



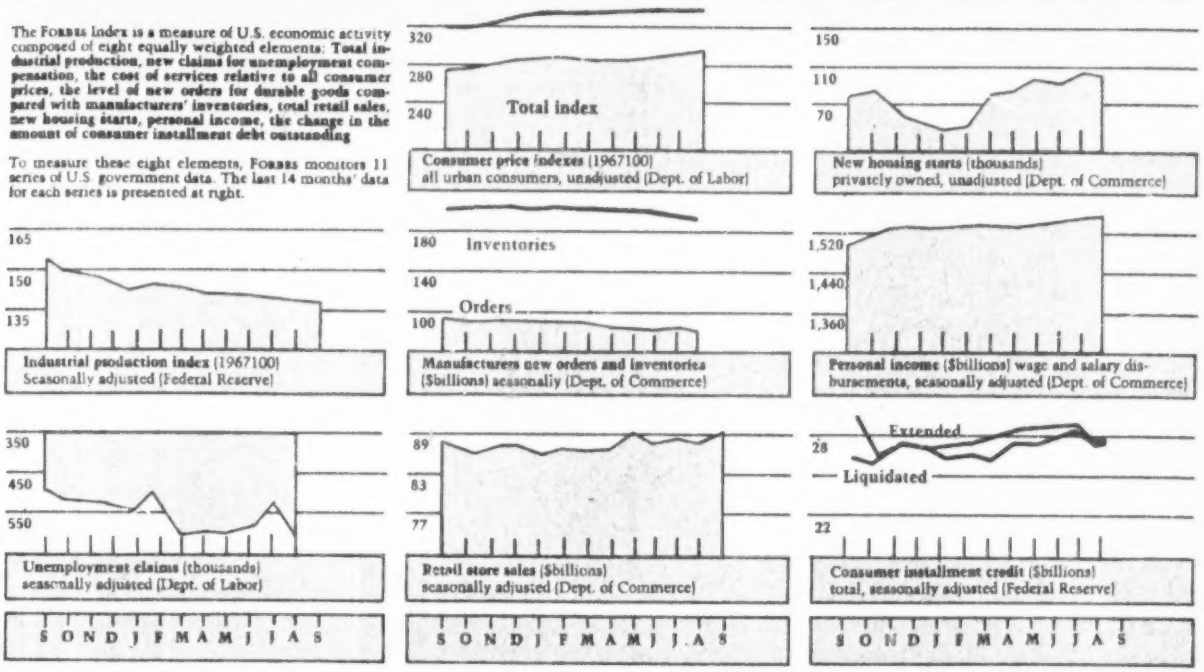
The long wait continues. The Forbes Index is still not showing signs of an impending economic recovery. Industrial production, a leading indicator, declined 0.6% in September, vs. a 0.5% fall in August. It is some 3% lower than that of the 1980 recession.

A little encouragement, however, comes from the 1% gain in retail sales for September. This is on the heels of a 1% decline for August. On the other hand, net credit outstanding was down to $66 million from $570 million in the previous month. Consumers are liquidating rather than taking on more debt—a sign that they are still not prepared to help the economy get back on its feet.

The Forbes Index Components

The Forbes Index is a measure of U.S. economic activity composed of eight equally weighted elements: **Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, the level of new orders for durable goods compared with manufacturers' inventories, total retail sales, new housing starts, personal income, the change in the amount of consumer installment debt outstanding.**

To measure these eight elements, Forbes monitors 11 series of U.S. government data. The last 14 months' data for each series is presented at right.



Investors are shying away from forest products stocks, so the industry is offering them the trees instead.

A growing investment?

By Kathleen K. Wiegner

AUTUMN, BRINGING brilliant color to the forest, has brought no glow to the $125 billion forest products industry, which continues to suffer from anemic housing starts, slack paper demand and heavy debt loads. Boise Cascade, Champion International and Georgia-Pacific have so much short-term floating-rate debt that they are barely generating enough operating income to cover interest payments. Even the industry's healthier companies—International Paper and Weyerhaeuser among them—face the challenge of massive capital investments to modernize operations in a time of paltry earnings.

But, as well as massive problems, what forest products companies have in abundance are trees—millions of acres of them carried on the books below even today's depressed market values. Troubled Crown Zellerbach has an estimated $69 a share in timberland, while its stock sells for $18 a share; IP has $73 per share in trees, $45 a share on the stock market.

And that is giving rise to an idea on Wall Street. "There is a tremendous imbalance between the book value of timber and the market value," says Donald Brennan, who recently left International Paper, where he was a vice chairman, to head up Morgan Stanley's newly formed forest products group. "Some place between those two numbers there's an opportunity to monetize that timber. The typical timber operator is utilizing only 1% to 2% of his inventory a year. He can take that unproductive asset and turn it into capital."

How? By offering wealthy individual, pension fund and foreign investors an investment in the trees. Investment bankers and forest products companies are now trying to devise investment vehicles such as timber-backed preferred stock or bonds. None has been offered as yet, but the basic idea is that the timber would be an equity kicker allowing the bond to be priced at a lower rate of interest (or, given current credit standings, allowing the bond to be sold at all).

Bond or preferred issues would be more complex than the deal International Paper concluded in March with Britain's National Coal Board pension fund. In that deal IP raised $24 million from 26,000 of its acres in Louisiana. IP gets the right of first refusal when the trees are ready for harvest and shares with NCB in the appreciation in wood volume. NCB, however, gets all appreciation in the price. For example, if the market paid $100 per thousand board feet today but three years from now the market was paying $110, IP would pay $110 and the NCB would pocket the $10 difference.

Note, however, that IP kept control over use of the trees. Forest products companies, with pulp, lumber and plywood their only products, do not have the option of building-materials supplier Masonite Corp., which spun off 467,000 acres of its timberland (valued at $530 million) to its shareholders in August. "The stock market didn't reflect the underlying asset and probably never will," says a Masonite spokesman. So Masonite transferred timber and mills to the shareholders in a partnership that will liquidate the holdings over five years.

Masonite clearly believes trees are a better investment for individuals than for corporations, and so does E.F. Hutton. Hutton's Timber Partners raised $20 million last year to buy 30,000 acres of timberland in Georgia

The forest or the trees?

How do you measure the worth of an asset? Do you look at earning power? Then the value of the forest products industry's timber may be overstated these days. Or do you look at hypothetical liquidation value, as this table does? Then you see an opportunity for a cash-strapped industry to monetize trees.

Company	Total assets (bil)	Sales 1982 est. (mil)	Net income 1982 est. (mil)	Timber estimated market value (mil)	Timber value per share	Recent stock price
Weyerhaeuser	$5,716	$4.2	$108.7	$8,035	$60	34⅜
International Paper	5,544	4.1	131.5	3,607	73	45
Georgia-Pacific	5,060	5.4	59.0	2,781	25	25½
Champion International	3,443	3.8	22.0	1,686	28	19½
Boise Cascade	2,740	2.9	Nil	1,502	56	31⅛
Crown Zellerbach	2,614	3.0	24.0	2,049	69	23½

Source: Thomas Clephane, Morgan Stanley

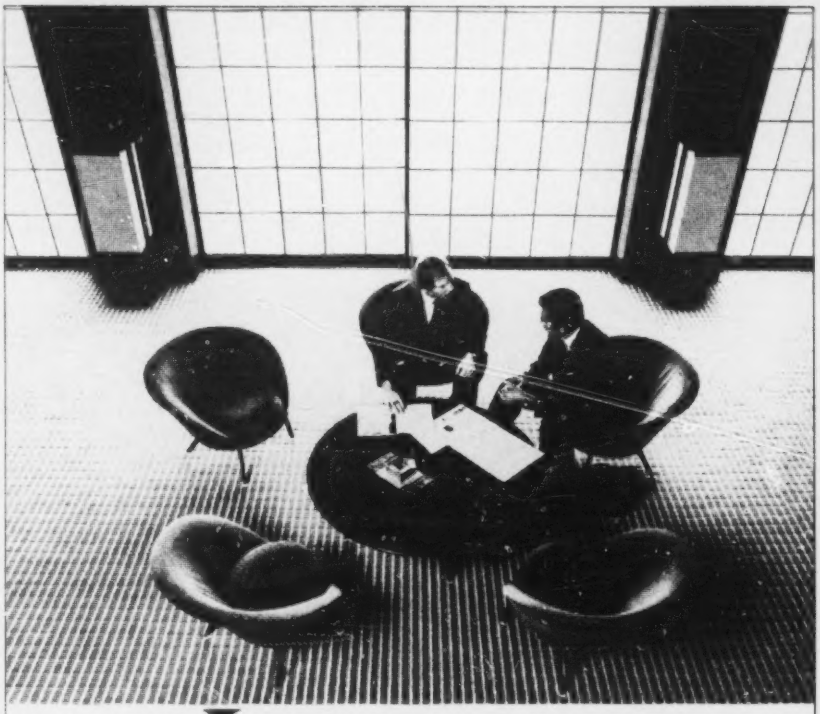
and Florida. The partnership has up to a 15-year life and estimates that, including inflation, an investor should realize a 15% to 20% return.

Because of the long-term nature of tree investing—even in the South it takes up to 35 years for a pine to grow—pension funds are also interested. Especially today when prices in the South have fallen 15% to 20% over the last year. "It's a buyer's market now if you have cash," says David Graham, vice president of the trust division of First National Bank of Atlanta. "Timber companies don't have the cash. We do." Graham's fund, called Timberland Trust II, buys timberlands, manages the land and will offer the trees on the open market to the highest bidder at harvest time. "We tell investors this is at least a ten-year investment," says Graham, "with a potential real return after inflation of from 5% to 10%." Any proceeds of the partnership would be taxed at capital gains rates.

"The stock market didn't reflect the underlying asset value and probably never will," says a Masonite spokesman.

Taxes aside, the rate-of-return projections of timber participation salesmen may be too rosy, considering the 1980s outlook for timber—which is far different from that of the last decade, when prices rose as much as 10% above inflation. True, the investor can look for physical growth—5% to 10% a year in the South—as well as price growth in trees. But there are few bargains; today's depressed prices are higher than those of most of the 1970s. Thomas Clephane, Morgan Stanley's forest products analyst, estimates that timber price escalation this decade should be only 1% to 3% above inflation, assuming good times economically.

The beleaguered forest products companies, however, are unlikely to look askance at the gift horse of investor interest in trees. It could be a big answer to their problems. "Our estimate is that the industry probably has the ability to generate less than 40% of its capital requirements over the next five or six years," concludes Brennan. "Given the increasing investor awareness of this kind of investment, it would be a natural fit to bring them both together." And who better to do the job than investment bankers, who get their fees whether those trees appreciate or not? ■



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After years of making eyes at each other, bankers in Pittsburgh and Philadelphia are finally permitted to do something more.

Merger mania in Pennsylvania

By John R. Dorfman

EAVESDROP ON A recent conversation between two Pennsylvania bank chairmen in the corridors of an industry conference: "I understand," says one, "that you're interested in an acquisition. We're available for two times book value." The second chairman smiles. His reply has just three words: "So are we."

Pennsylvania is a hotbed of merger activity now, not all of it as lighthearted as this. What's more, at a time when most banking combinations are viewed as jockeying for position in advance of interstate branching, the current activity has significance far beyond the Keystone State.

Pennsylvania's party began in March when the legislature eased longstanding restrictions on mergers and branching. Before, a holding company could own but one bank. Now, it can acquire four within four years and another four in the following four years. Each bank can branch in its home county and two concentric rings of surrounding counties. Previously, only one ring was allowed.

In essence, this amounts to statewide banking—and the change came in part because, under pressure from money market funds and other forms of competition, small banks are gradually reducing their traditional opposition to branching (FORBES, *Oct. 25*). Whether that's a breakthrough depends on your point of view. "In Pennsylvania, we're not on the cutting edge of much of anything," says J. David Barnes, chairman of Mellon National Corp., the state's largest bank corporation. "About 45 states have some form of statewide banking. We're just reacting, tardily, to forces that other places reacted to more promptly."

For Pennsylvania's big banks, however, it's better late than never. Within the past seven months, eight of the ten largest institutions in the state have announced proposed combinations. Pittsburgh National Corp. was first out of the gate. It is the state's second-largest bank holding company—but with $7 billion in assets, less than half the size of Mellon National. In April, Pittsburgh National snapped up Provident National Corp., whose 1.15% return on assets is even better than its own 1.04%. Says Brian McShane, an analyst with Butcher & Singer Inc., of this first merger, "You could have been a blind man and seen it coming."

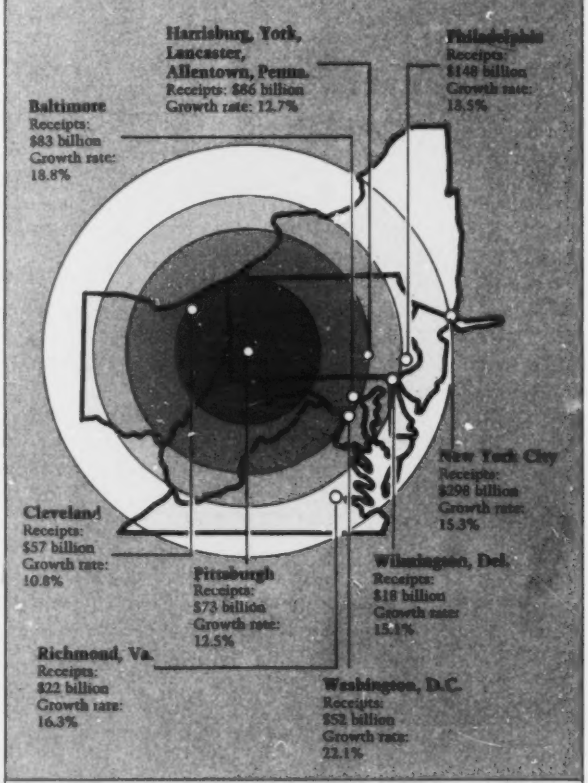
Then came a lull. Everyone was waiting to see what Mellon would do. Its pick, announced in August, surprised some people, among them C. Edward Hodges, an analyst with Janney Montgomery Scott. "I thought they would have gone after someone with an emphasis on middle market lending and with outstanding performance—either Continental Bank or Provident," he says. Instead, Mellon picked Girard Co., with a 1981 return on total assets of just 0.61%.

Girard, however, has several attractions. Not least among them is a proprietary automatic-teller-machine network that Girard, in effect, franchises to other banks. Through ATMs, Girard has a presence in New Jersey. Through a subsidiary, it also has a presence in Delaware. This geographical spread is obviously a plus for Mellon. So, no doubt, is Girard's profitable and well-established $9 billion trust department. Girard also came cheap, at only 79% of book value, a bit less than the 87% that Pittsburgh National paid for Provident.

Then there's another issue—pure size. Mellon wanted market share in Philadelphia. Going after the city's largest bank, $6 billion Philadelphia National, might have created antitrust problems. Second-ranked First Pennsylvania, meanwhile, has just over $5

Where the customers are

Gauge for bankers: receipts of businesses situated in selected market areas.



Note: All figures are estimates. Growth rates are for 1977-82.

Source: Dun & Bradstreet and Oxxford Systems, Inc.

billion in assets, but with a history of bad loans and a huge debt load, it is hardly an ideal merger partner. That leaves Girard, slightly smaller than First Pennsylvania and Philadelphia's third-largest bank.

Once Mellon acted, however, other dominoes began to fall. Philadelphia National Corp. snared Lancaster-based National Central Financial Corp., better known as the parent of Hamilton Bank, the state's ninth-largest institution and perhaps its most aggressive. "I was at a conference recently where bankers were asked if they wanted a totally deregulated financial instrument," says McShane. "Many of them said no, because Hamilton would implement it right away."

Continental Bancorp, a highly profitable second-tier Philadelphia bank, snatched up York Bancorp, situated in a fast-growing section of the state. "In York," moans one competitor, "they don't know what a bad loan is."

Then American Ban-

The wooers, the wooed and the wallflowers

Since April, eight of Pennsylvania's ten largest banks have announced proposed mergers or acquisitions. The pair-ups make for great gossip, reminiscent of senior prom. *He's* going with *her*? What does *she* see in *him*? Herewith, a dance card.

Company	Headquarters	Assets billions	Return on assets	Number of US branches	Recent activity
The wooers					
Mellon National Corp	Pittsburgh	$18.4	0.74%	110	Acquired Girard Co
Pittsburgh National Corp	Pittsburgh	6.9	1.04	110	Acquired Provident National Corp
Philadelphia National Corp	Philadelphia	6.3	0.61	69	Acquired National Central Financial Corp
Fidelcor	Philadelphia	3.7	0.85	71	Acquired Southeast National Bancshare of Pennsylvania Inc
American Bancorp	Reading	2.3	1.00	74	Acquired Central Penn National Bank
The wooed					
Girard Co	Philadelphia	4.8	0.94	134	Acquired by Mellon National Corp
Provident National Corp	Philadelphia	3.3	1.15	57	Acquired by Pittsburgh National Corp
National Central Financial Corp	Lancaster	2.3	0.80	63	Acquired by Philadelphia National Corp
The wallflowers					
First Pennsylvania Corp	Philadelphia	5.3	0.03	68	None
Equimark	Pittsburgh	3.0	−0.56	89	None, but has preacquisition agreement with Citicorp

Note: Asset totals are for holding companies; return on asset figures are for holding companies' principal banks

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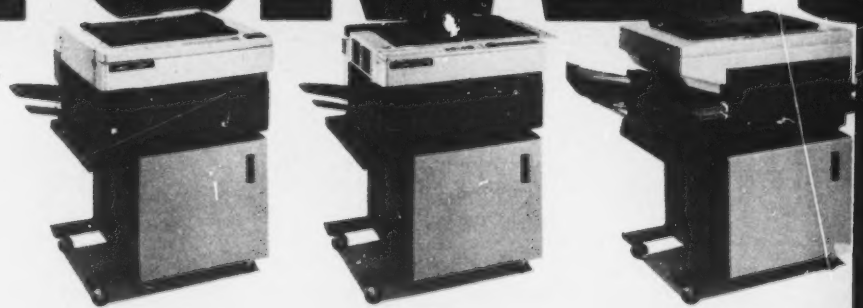

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corp, based in Reading, moved into Philly through a pooling-of-interests merger with Central Penn National Bank. American's announcement stressed that Pittsburgh and Philadelphia wouldn't be allowed to dominate all banking activity in the state. "You could almost hear 'The Battle Hymn of the Republic' in the background," says McShane.

In the last large acquisition announced to date, Fidelcor, the parent of Fidelity Bank, Philadelphia's fourth-largest, picked up Southeast National, based in the Philadelphia suburbs. Fidelcor's Chairman Ray Dempsey, who has worked quite a turnaround over the past few years, sounds as if he would as soon be the prey as the predator. "We did not receive an overture," he says. "We would have entertained it if we had. We believe that the thing most appropriate for stockholders is the right thing to do."

There have been minor mergers, too, and there will be more—both major and minor. But already a couple of patterns have become clear. One is that banks are going cheap. The range has been from about 0.75 to 1.5 times stockholders' equity, and from about 4 to 8.5 times earnings.

Another is that size counts. Sure, banks nestled in good growth areas make attractive targets, as do banks with an above average return on assets. But the banks are limited in the number of acquisitions they can make. As Paul Nadler, professor of finance at Rutgers University, puts it, "Why use up the chits on a little one?" Nadler says that some small banks pushed for the four-acquisitions-in-four-years limit. The result, he thinks, is that "the small banks screwed themselves."

Analyst Hodges points out another reason larger banks are in demand. "Size," he says, "is an important attribute, so that when interstate banking comes, the institution will be large enough to pick plums, mainly in the Sunbelt."

Dempsey of Fidelcor emphasizes the importance of market share, as he explains why no Philadelphia bank is eager to venture west into Pittsburgh, which is dominated by Mellon and Pittsburgh National. "As with other industries," he says, "you don't go into markets with a nominal share. You get eaten alive."

With Pennsylvania having fallen, Illinois and Texas are the largest remaining states with severe restrictions on branching. In this environment, can interstate banking be far behind? William Eagleson Jr., chairman of Girard Co., speaks of "natural markets," which may happen to cross state lines. "I can look out my window and see New Jersey," he says. "Many of our employees, including top executives, live in New Jersey. Yet we cannot provide a rounded service there. That makes no sense to me."

Dempsey, in fact, thinks that contiguous-state banking will come before outright nationwide banking. "The cry for interstate banking," he says, "is from the very large banks situated in places where the economies are not growing. Contiguous-state banking would prevent the big New York and upper Midwest banks from going into the Sunbelt. The Texas banks are not clamoring to get into New York. They want to expand into Arkansas, Louisiana, Oklahoma and Arizona."

If he is right, branch banking becomes less an issue that pits small towns against big cities and more a question of letting competition reach across state borders. This makes some loosening of the current federal regulations all the more likely—and, when it happens, the Pennsylvania experience offers two lessons. One is that raw size is still a valuable asset. The other is that, unless the banking climate changes radically, no bank, large or small, is likely to command the price that satisfies its management. ■

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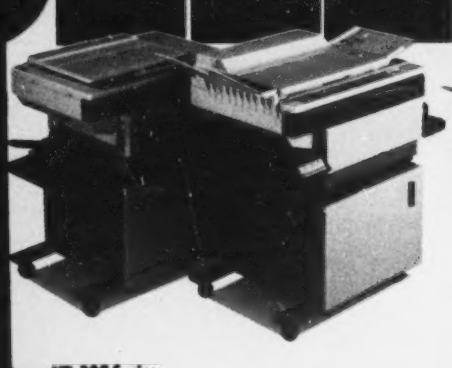

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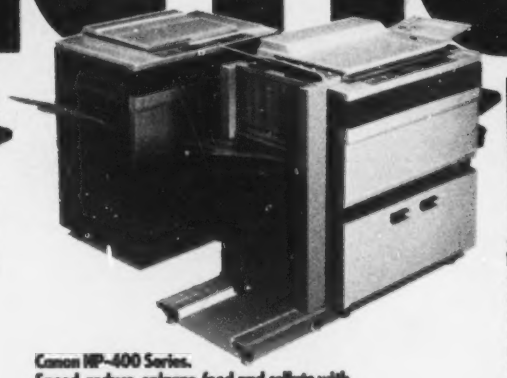

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The recession and high interest rates account for 148 dropouts from the Up & Comers Class of '81. What's surprising is that another 150 companies have taken their place.

"Their money was on the table"

By Paul B. Brown and Steve Kichen

A FUNNY THING HAPPENED while FORBES compiled its 1982 Class of Up & Comers. For every company we struck from the list, another sprang up in its place.

That isn't what you would have expected, what with interest rates high for most of the year and the recession. We expected last year's list to shrink. In fact, 148, or more than half, of last year's 291 Up & Comers failed to meet the stringent criteria needed to make the list of the most promising small companies. No one segment of the economy was hurt more than any other. What did in many (61) of them was their inability to maintain at least a 15% earnings-per-share growth rate for the last five years.

Plenum's Martin E. Tash
Finding your niche is invaluable.

Of course, some companies graduated from the Class of '81, shortening the list further. FORBES has arbitrarily decided that any company with sales over $100 million has up and arrived. This year that cutoff point eliminated 19 companies, ranging from Moran Energy ($100.5 million sales), an oil and gas exploration firm, to Petroleum Equipment Tools ($155.6 million), which makes oilfield equipment.

Of the 150 companies new to the list this year (indicated by bullets) 17 were petroleum-related businesses, oil glut or no. GTS Corp. and Berry Industries topped the category. Computer firms, though, were the big winners: Twenty-seven of the new additions provide hardware, software or computer services. Continuum led the list with a five-year average return on equity of 96%. Also noteworthy are 15 new electronics companies like SFE Technologies, which makes ceramic capacitors. The rest of the list runs the gamut from a diaper service—Blessings Corp., a newcomer—to missile components, Aeroflex Laboratories (FORBES, *Sept. 27*).

What did it take to be a member of the Class of '82? Besides the sales and earnings requirements, we demanded the company have an average return on equity of at least 15% over the last five years. To make that number meaningful, we eliminated companies with debt greater than 100% of book value. Above that we considered the company to be too highly leveraged in this economic environment.

How did 293 public companies meet those stringent requirements? To Elliott Schlang, a partner at Prescott, Ball & Turben who follows "emerging growth stocks," it boils down to good management: "These are companies led by entrepreneurs whose money is in the shares themselves," Schlang says. "I am not sure they are smarter than anybody else. But it's their money on the table, so they are doing things early on that other managements just talk about. They have cut their payrolls early, have quickly chopped products that aren't working and they are closing plants."

Martin E. Tash, chairman of Plenum (FORBES, *June 7*), a scientific publishing house that is a perennial on the list, adds: Finding your niche proves invaluable during a recession. "We serve custom markets with products [esoteric scientific journals and texts] that they must have," he says. "When times are tough, it doesn't help us, of course. Still, somehow,

Chyron Chairman Leon Weissman
On TV, good times and bad.

people have to get the information we provide."

Chyron Corp. (FORBES, *Jan. 18*) is an example of what Tash is talking about. The $10 million (sales) company derives 95% of its sales from an electronic system that allows television stations to superimpose images that identify a speaker or to display election results or stock prices. The company dominates the field.

"Right now our biggest problem is that we're running out of space," says Chyron Chairman Leon Weissman. "That's the kind of problem we like to have. We have not been affected by the economic conditions. The television market has continued to be there, good times and bad."

But even if you have a market, you still have to exploit it properly, says Bill LeVine, president of Postal Instant Press (FORBES, *Feb. 2, 1981*), which provides printing services through 700 franchises. "We can't just sit there and wait for people to walk in the door. Marketing is one of our basic backbones, but now we have to give it an extra push," he says.

The other common theme that runs through the repeaters on the list is that they have all slashed unnecessary expenses, paid down their debt and searched for new but related markets. Basic? Sure. But the basics are not always followed. For example, 11 of the companies that were dropped from the list this year fell off because they are too highly leveraged.

Savvy Up & Comers never forget the basics. Since 1978 Walbar, Inc. (FORBES, *June 22, 1981*), maker of precision jet-engine parts, reduced debt from 22% of total capital to less than 1%. "The general aviation market is down, but we are surviving," says Douglas Hunter, Walbar president. "We're still sticking to the products we are good at, and we don't see any real bad things happening to us."

Lloyd Miller, chairman of Vulcan

The institutionalization of NASDAQ

Gordon S. Macklin, president of the National Association of Securities Dealers Inc., is showing a visitor around NASD's Washington headquarters. There are cables strewn everywhere. Workmen are lowering and raising ceilings. Partitions are being installed so more staff can be added.

"Sorry for the mess," says Macklin, 54, a former partner of McDonald & Co., the Cleveland securities firm. "Normally we're neater. But the mess is symbolic."

That it is. Twelve years ago, when Macklin became president of NASD, the self-regulatory agency for over-the-counter stocks, NASD called the o-t-c market "a moribund backwater of the securities industry." All that has changed.

Today, NASDAQ (the AQ stands for automated quotations) accounts for 25% of *all* shares traded on *all* exchanges. Perhaps the most telling number about NASDAQ, where two-thirds of the 1982 Class of Up & Comers trade, is that institutions now account for 50% of NASDAQ's volume.

Gordon Macklin
NASD grows up

What happened to that moribund backwater? First, the drop in the capital gains tax from a high of 48% in the 1970s to the current 20% pulled a lot of investors back into all stock markets. When they came back they went looking for earnings growth that would substantially outpace inflation—the kind of growth you find with Up & Comers. As a result, the number of investors buying NASDAQ stocks doubled from 5 million in 1975 to 10 million by 1980. A far faster growth than the 45% on the NYSE for the period.

Second, an increasing number of o-t-c companies are remaining in the over-the-counter market, instead of moving to the American and New York stock exchanges the minute they qualify in terms of capitalization and float. Almost half of the 3,400 NASD companies qualify today for Amex or NYSE but have chosen not to switch. How come? After all, the American and New York stock exchanges have long claimed that listing with them lowers the cost of equity capital because investors perceive the stock as less dicey and so are willing to pay more for it *(Up & Comers, May 24)*. But o-t-c companies aren't buying that argument and see significant advantages in remaining over-the-counter. Unlike Amex or NYSE, NASD stocks have more than one marketmaker. The average NASDAQ-listed company has about seven. This is NASD's strongest card, Macklin says. "Part of our magic is that many of the marketmakers are regional houses that really know the companies in their backyard."

What all this means is that companies like Apple, American Greeting Corp. and Nike are still o-t-c companies. In fact, MCI, another NASDAQ-listed firm, was the most actively traded stock for a good part of the year. It is institutions that are behind a high percentage of that trading.

As bigger companies remain on the o-t-c market, their larger floats attract more and more institutions. NASD will soon break out its most actively traded companies separately, accommodating the shift.

But it is not only the larger stocks that are drawing the institutions' attention. Analysts report that stocks with smaller floats and revenues under $100 million are starting to interest them as well.

"A greater number of institutions are taking a small percentage of their total equity dollars and are investing in smaller companies; that is an investment strategy that is accelerating," says Elliott Schlang, a partner at Prescott, Ball & Turben. "Maybe they see these companies coming through this economy with record earnings because of their controls, or their product niche, or some combination." They're right, and for the past five years the NASDAQ composite index has outperformed the S&P's 500 by an increasing margin.

What does all this mean? Well, for one thing it means that NASDAQ stocks are more actively traded than ever. It also means they respond more rapidly to broad stock market rallies. Traditionally, institutions would spark the rally and only after a bull market had been confirmed would individual investors come into the o-t-c market. With institutions heavily in the o-t-c market, however, volume of NASDAQ stocks now increases the moment there is a surge on the NYSE.

The negative side to this is that smaller stocks, like o-t-c high-technology companies, are more quickly affected by the performance of their larger counterparts on the NYSE. When prices of NYSE technology stocks fell in late spring and into the summer, they took the NASDAQ high-tech stocks down with them.

In short, NASDAQ has finally come of age.—**P.B.B.**

Corp. (FORBES, *June 21*), maker of shoe lasts, the forms on which shoes are manufactured, may be as far away from the jet-engine market as you can get, but his approach is basically the same as Walbar's.

"Our strategy is to adjust to the realities of the business pattern," says Miller. "Some of our plants now run just three days a week." Still, Miller is not overly concerned. The company has reduced debt, which was as high as 49% of capital nine years ago, to 10%, and like many companies on our list is buying more efficient equipment to increase margins and prepare for the upturn in the economy. "We are strong financially and will weather the storm," Miller adds.

A nice reward for paying attention to the basics. ■

Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
• **GTS Corp** *oilfield services*	523.3%	53.9%	87%	$12.8	$2.68	$2.17	50%	2⅞	0%	$1.17	2.4
• **Jones Intercable** *CATV*	200.0	11.2	95	7.3	2.24	1.78	22	4⅜	–14	0.20	21.8
Republic Gypsum *building materials*	196.0	12.3	28	20.2	0.95	4.36	59	7⅛	15	0.54	13.6
• **Mylan Laboratories** *ethical drugs*	161.7	38.3	40	31.7	3.80	3.96	20	13⅝	–19	1.52	8.9
• **Continuum** *computer software*	96.3	22.5	92	19.8	2.73	4.83	7	14¼	0	1.09	13.5
Adage *computer equipment*	95.6	17.4	38	25.7	1.87	8.10	9	21	16	1.41	14.8
Key Pharmaceuticals *ethical drugs*	90.7	28.2	83	41.4	5.98	1.17	3	24¼	71	0.33	73.4
• **Barton Valve** *machinery parts*	86.5	19.0	184	22.5	4.38	8.28	6	5	–83	1.58	3.1
• **Berry Industries** *oilfield services*	86.0	16.0	112	47.4	4.90	3.79	55	2¼	–57	0.61	4.5
• **Survival Technology** *medical equipment*	84.6	14.5	93	20.3	0.75	1.99	0	8⅛	–1	0.29	29.7
General Defense *weapons manufacturer*	79.3	47.3	43	81.4	7.34	3.34	22	17½	19	1.58	11.0
Lin Broadcasting *broadcasting*	79.3	41.7	18	71.0	17.38	4.10	43	28¼	49	1.71	16.5
Pioneer Group *finance*	78.9	41.1	40	13.7	3.77	4.42	0	24¼	12	1.82	13.5
• **Sage Energy** *oil and gas exploration*	69.1	32.2	88	75.3	17.32	4.34	55	7	–59	1.40	5.0
Quotron Systems *financial info services*	68.6	18.1	29	88.1	12.49	9.39	24	41	14	1.70	24.1
Initio *mail-order sales*	67.9	24.4	58	15.0	2.47	1.84	8	4	1	0.45	8.8
Mark Products *precision instruments*	65.0	29.6	49	69.2	9.61	3.27	32	2⅝	–72	0.97	2.7
WD-40 *lubricants*	63.9	48.6	25	44.5	7.84	7.48	0	49¼	34	3.64	13.5
Plenum Publishing *publishing*	61.4	45.6	15	25.7	3.73	4.95	2	28	51	2.26	12.3
Dranetz Engineering Labs *precision instruments*	60.6	22.4	19	16.0	1.94	4.37	1	13¼	–1	0.98	14.0
SafeCard Services *credit-card loss service*	57.5	26.0	38	25.8	4.52	3.84	0	13¼	– 8	1.00	13.7
• **Alpha Microsystems** *computer equipment*	57.0	8.2	97	26.4	1.43	5.45	0	4⅛	–27	0.45	9.7
• **General Employment Entrp** *employment services*	52.0	11.0	25	17.4	1.25	2.00	0	4	– 43	0.22	18.1
Bolar Pharmaceutical *ethical drugs*	51.3	22.2	32	15.2	2.71	3.33	0	21⅛	37	0.74	29.2
Aztec Manufacturing *oilfield equipment*	50.5	31.1	38	55.5	10.25	5.78	2	7¼	–51	1.80	4.0
• **Seis Pros** *oilfield services*	49.9	31.7	74	45.9	6.65	4.85	48	4⅛	– 67	1.54	2.8
Sykes Datatronics *computer equipment*	48.7	14.6	73	45.4	7.85	2.73	16	6⅛	–77	0.40	15.9
• **McRae Industries** *footwear*	48.7	28.6	58	13.9	1.91	4.33	0	12	41	1.24	9.6
Staff Builders *employment services*	48.5	12.7	17	72.7	1.80	3.99	0	6¼	–21	0.51	13.2

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	12-month P/E
Comprehensive Care *health care services*	47.8%	16.5%	43%	$68.7	$7.59	$5.32	11%	16¼	–9%	$0.88	18.4
Zenith Natl Insurance *insurance*	46.9	30.2	29	90.9	13.67	7.11	38	15¼	–14	2.15	7.0
Vermont Research *computer equipment*	46.1	10.5	40	16.3	2.69	6.95	4	8¾	–29	0.73	11.9
Sensormatic Electronics *electronic theft control*	45.8	18.8	42	66.9	15.61	5.37	70	27	20	1.01	26.7
Analogic *computer equipment*	45.6	16.2	34	82.8	8.80	7.82	11	33¾	31	1.27	26.5
Kroy Inc *graphic products*	45.5	29.0	27	44.1	6.14	3.37	18	10¼	–28	0.98	10.4
Silicon General *electronics*	45.4	13.4	73	21.6	1.41	4.10	18	14½	7	0.55	26.3
Tucker Drilling *oil and gas drilling*	45.3	23.7	27	41.7	5.24	8.54	12	8	–47	2.03	3.9
Dreyfus Corp *finance*	43.4	48.1	56	87.0	21.47	10.99	10	28	–16	5.29	5.2
• **Computer Associates Intl** *computer software*	43.3	56.5	155	28.4	2.43	1.68	44	23	61	0.95	24.2
• **Horizons Research** *photography*	43.2	24.2	98	6.4	0.69	2.27	56	2½	–23	0.55	4.5
Hudson General *leases airline, RR equipment*	43.2	19.1	15	58.8	3.99	14.92	37	8¾	–2	2.86	3.0
CACI Inc (Unit)† *technical consulting*	42.8	48.1	67	95.6	4.40	8.85	7	59¾	109	4.26	14.0
Chem-Nuclear Systems *nuclear waste treatment*	41.4	11.1	30	59.8	4.81	5.45	13	15⅝	–6	0.61	25.1
• **Designcraft Jewel Industries** *jewelry manufacturer*	40.7	14.9	119	11.8	0.65	3.81	0	4⅝	–13	0.57	8.1
Reuter *computer, refuse coll equip*	40.7	11.2	54	16.0	2.01	6.57	2	6	–29	0.74	8.1
Prime Motor Inns *motels*	40.6	26.1	53	54.8	9.10	4.59	52	18⅝	57	1.20	15.5
Save-Way Industries *personal care products*	40.3	21.8	24	56.5	5.61	5.31	78	8⅛	6	1.16	7.0
Impell *service to nuclear industry*	40.1	29.8	40	74.9	10.81	9.47	1	19	–51	2.83	6.7
• **Amtec Industries** *food packaging*	38.7	34.3	44	21.5	1.10	2.33	28	5¼	–36	0.80	7.1
• **Amerford Intl** *air freight*	38.2	21.7	65	96.2	1.94	4.37	6	5¼	0	0.95	6.0
Baruch-Foster *oil and gas development*	38.0	27.1	84	12.5	3.24	4.24	9	7⅛	–28	1.15	6.4
Tylan *equip for semicond ind*	37.7	10.2	32	18.2	1.02	4.96	7	15¼	64	0.51	29.9
American Income Life Ins *insurance*	37.1	21.3	30	95.6	17.05	12.25	0	21¾	0	2.61	8.3
CyCare Systems *computer services*	36.8	22.8	25	19.7	1.05	3.11	19	10½	– 8	0.71	14.7
Floating Point Systems *computer equipment*	36.6	17.5	36	57.8	6.35	6.94	5	24½	19	1.22	20.0
• **CenCor** *finance, day-care centers*	36.3	36.0	20	60.8	1.30	3.08	78	19½	147	1.11	17.5
Microdyne *electronics*	36.0	7.7	33	29.0	4.08	7.23	2	8¼	– 44	0.56	15.6
• **Intl Game Technology** *recreation*	35.8	33.3	130	61.5	13.89	5.18	3	8	–50	1.73	4.6
• **New England Bus Service** *office supplies*	35.8	24.8	16	91.6	7.36	7.17	46	29½	–6	1.78	16.5
Base Ten Systems *electronics*	35.7	23.8	52	15.1	1.67	5.71	15	16	–2	1.36	11.7
Frost & Sullivan *insurance*	34.8	13.2	35	8.2	0.57	1.51	0	2¼	–30	0.20	11.2
Andersen 2000 *pollution control equip*	34.1	30.8	108	9.3	0.96	1.72	0	6¾	–35	0.53	12.7

• New addition to 1982 Up & Comers list. *Latest fiscal year. †Trades with one share CACI NV.

Source: Standard & Poor's

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Cordura *publishing*	34.1%	47.4%	34%	$30.3	$4.85	$2.59	0%	12⅜	59%	$1.23	10.0
Thompson Medical *proprietary drugs*	34.0	25.9	41	83.3	10.33	10.16	0	15⅞	28	2.64	6.0
Quadrex *nuclear engineering*	33.9	16.8	49	74.4	7.07	4.39	3	6	– 61	0.74	8.1
Dynatech *health care products*	33.8	23.5	19	69.8	5.19	4.92	44	15¼	–15	1.16	13.1
• **Intelligent Systems** *computer equipment*	33.4	19.7	77	24.5	3.21	5.68	0	15½	–31	1.12	13.8
• **Genisco Technology** *electronics*	33.4	20.9	115	23.2	1.24	3.48	43	9	–15	0.73	12.3
• **Killearn Properties** *property development*	33.2	8.2	25	3.0	0.54	5.56	68	3⅛	31	0.46	6.7
• **C-COR Electronics** *electronics*	33.2	39.2	93	24.4	3.35	2.85	9	24	37	1.12	21.4
Ambassador Group *insurance*	32.5	17.2	19	44.9	6.53	8.57	1	8	– 46	1.48	5.4
Children's World *day-care centers*	32.3	15.8	23	20.9	1.09	2.52	79	4⅝	27	0.40	11.5
Medex *health care supplies*	32.3	41.8	62	8.4	1.05	1.17	76	8	–33	0.49	16.3
Brennand-Paige Industries *wire and cable*	32.3	19.9	29	70.5	5.29	6.01	7	8¾	2	1.20	7.2
Spectrum Control *electronic pollution contrl*	32.3	15.4	24	16.5	1.44	2.07	13	5¾	0	0.32	17.9
Cullinane Database Systems *computer software*	32.0	24.4	43	49.2	7.60	5.00	0	39⅛	14	1.22	32.4
Eldorado Bancorp *bank holding*	32.0	20.3	32	19.5	1.69	6.59	9	8	–33	1.34	5.9
• **Pay-fone Systems** *computer services*	31.9	7.7	38	4.5	0.37	3.36	0	3¼	0	0.26	12.5
Flight Safety Intl *air and marine training*	31.6	26.7	32	68.0	19.08	5.28	32	22⅞	–30	1.41	16.2
• **H&H Oil Tool** *oilfield equipment*	31.4	24.6	61	24.1	4.49	5.59	31	4½	–67	1.38	3.2
Telecomm Equipment *telecomm equipment*	31.3	13.2	74	41.7	2.57	4.90	14	14¼	18	0.65	21.9
Pacific Scientific *aerospace*	30.7	24.6	22	72.8	8.44	5.96	2	13½	– 8	1.47	9.1
Gray Communications *broadcasting, publishing*	30.7	16.1	14	36.9	2.45	25.11	7	36	–11	4.06	8.8
Avantek *electronics*	30.7	15.9	39	81.8	9.50	3.57	2	16¼	– 4	0.57	28.5
• **Agnico Eagle Mines** *mining*	30.6	6.8	76	24.9	4.52	3.08	0	8½	58	0.21	40.4
• **Dreyer's Grand Ice Cream** *food processing*	30.6	42.0	76	41.9	3.12	1.76	10	21¾	75	0.74	29.3
Unimed Inc *ethical drugs*	30.2	14.5	24	2.2	0.67	1.44	0	10½	–8	0.21	50.0
• **Square Industries** *industrial services*	29.8	13.1	31	18.1	0.46	3.66	65	4½	0	0.48	9.3
• **Amfesco Indus** *footwear*	29.4	63.9	149	65.3	8.32	3.16	25	10¾	26	2.02	5.3
AmQuest *oil and gas*	29.3	9.1	63	5.7	1.12	2.95	47	1½	–51	0.27	5.5
Magnetic Controls *telecomm equipment*	28.8	11.8	24	61.5	3.54	8.98	28	16¼	68	1.06	15.3
Cellu-Craft *packaging*	28.8	27.8	23	41.7	2.05	3.80	22	5⅛	–2	1.06	5.0
Duralith Corp *electronics*	28.6	15.0	18	14.8	1.34	5.79	6	6¾	–35	0.87	7.7
Computer Products *electronics*	28.3	15.2	17	35.1	3.06	2.96	5	9¼	–5	0.45	20.5
Electro-Nucleonics *health care products*	28.3	8.5	15	37.7	1.43	5.37	59	11⅜	10	0.46	24.7

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Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
Hadson Petroleum *oil and gas exploration, dev*	28.2%	36.7%	79%	$11.8	$10.52	$ 3.59	76%	6	– 64%	$1.32	4.5
Computer Consoles *computer, telecomm equip*	28.1	17.6	42	50.6	6.30	6.80	2	21¾	0	1.20	18.1
• **Instacom** *consumer services*	27.8	19.6	59	12.9	2.38	3.30	0	9¼	–9	0.65	14.2
Newport Corp *industrial, lab equipment*	27.8	30.7	46	18.1	3.72	5.17	0	34½	72	1.59	21.6
Southwestern Energy *gas utility*	27.7	22.1	16	54.7	11.86	5.28	64	10	– 42	1.17	8.5
Unit Drilling & Exploration *oilfield services*	27.4	25.4	53	78.0	17.28	8.73	77	5¼	–73	2.22	2.3
• **Georgia Bonded Fiber** *fibers*	27.4	49.7	83	25.0	0.03	2.37	37	5½	0	1.18	4.6
Natl Securities & Research *finance, invest adv svcs*	27.0	16.9	19	7.4	2.32	7.13	7	12¼	–3	1.21	10.5
Tony Lama *footwear*	26.6	24.2	90	98.0	9.13	14.84	22	20½	–26	3.60	5.6
• **Woods Petroleum** *oil and gas production*	26.6	22.2	17	71.9	21.90	9.47	18	19¼	–24	2.11	9.1
Genl Real Estate Shares *real estate*	26.5	57.4	26	2.5	1.68	10.41	52	18½	15	5.98	3.0
Evans & Sutherland Co *computer equipment*	26.4	22.1	48	46.4	9.44	4.96	3	28½	–2	1.10	25.9
Systems Engineering & Mfg *electroplating sys, filters*	26.3	19.2	21	25.9	1.87	7.06	20	9⅞	–7	1.36	7.2
• **Detector Electronics** *fire detection systems*	26.1	15.7	65	10.0	1.25	4.77	29	9	– 40	0.75	12.0
Hi-Shear Industries *fasteners*	26.0	10.0	20	96.6	7.13	15.02	28	8	–28	1.51	5.2
Alpha Industries *electronics*	25.8	12.6	27	45.3	4.52	11.84	6	29½	5	1.50	19.6
• **Walbar** *aerospace*	25.8	20.2	35	81.8	9.44	14.73	0	25¼	–27	2.99	8.6
Adams-Russell *electronics, CATV*	25.5	18.6	30	59.9	5.11	7.73	91	24	20	1.44	16.6
• **Inter-Tel** *telephone systems*	25.5	16.5	113	43.3	3.88	2.36	34	6¼	–62	0.39	16.0
Detection Systems *intrusion detectors*	25.5	11.3	66	11.0	1.27	4.39	59	5⅜	– 67	0.50	11.2
Zero *enclosures for electronics*	25.3	21.1	21	81.7	7.43	9.47	30	23⅜	–5	2.00	11.8
URS Corp *industrial services*	25.3	25.7	17	78.1	3.53	5.83	72	10½	–17	1.50	7.0
Boston Digital *computer services*	25.3	11.0	20	21.4	1.60	4.34	0	8¼	–13	0.48	17.1
Radiation Systems *antennas*	25.2	14.7	22	15.3	2.43	5.69	14	17¼	7	0.84	20.5
Comdata Network *finance*	25.0	34.6	41	19.7	4.05	2.80	1	29½	12	0.97	30.4
McFarland Energy *oil and gas explor, prods*	24.9	16.5	20	14.7	4.47	5.31	1	6⅜	–50	0.88	7.5
Spectradyne *closed-circuit TV*	24.8	17.4	30	17.4	2.57	5.34	3	12¾	0	0.93	13.7
Trion *electronic air cleaners*	24.8	23.1	22	13.3	1.32	4.02	9	9½	–3	0.93	10.2
Astrosystems *computer equipment*	24.6	15.5	20	8.0	1.90	3.35	0	6½	18	0.52	12.5
• **Network Systems** *electronics*	24.6	13.1	108	18.4	3.54	3.27	0	25⅛	16	0.43	58.4
Petrol Industries *oil and gas explor, prod*	24.6	24.7	66	3.1	0.88	1.21	9	8¾	–38	0.30	29.1
Osmonics *chemical processing sys*	24.6	8.2	18	7.1	0.89	5.21	5	8¾	–31	0.43	20.3
• **TII Industries** *telecomm equipment*	24.5	14.8	22	23.1	2.51	6.98	2	9¼	– 45	1.04	8.8

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
• **Power Conversion** *batteries*	24.4%	22.5%	37%	$ 6.1	$0.46	$ 0.80	80%	5⅞	0%	$0.18	32.6
Lynden *trucking*	24.3	29.3	94	88.2	6.32	17.17	21	14¾	–53	5.04	2.9
• **Amer Precision Industries** *electronics, machinery*	24.1	17.8	15	36.4	2.73	8.78	1	13⅛	8	1.57	8.3
Communications Industries *electronics*	24.0	22.7	21	52.3	7.41	4.39	6	21½	–2	1.00	21.5
Scientific Computers *computer services*	23.9	20.4	28	12.9	1.54	5.09	19	8¾	6	1.04	8.4
Astrex *electronics distributor*	23.9	23.4	21	27.1	2.02	4.73	74	7⅛	–50	1.11	6.4
• **Triad Systems** *computer equipment*	23.9	9.8	46	78.3	8.68	7.74	2	15⅛	–53	0.76	19.8
• **Chyron** *computer graphics*	23.8	21.1	109	12.8	3.56	6.20	0	23¾	30	1.31	18.1
Neutrogena *personal care products*	23.8	25.8	21	32.9	2.67	6.15	0	31½	– 4	1.59	19.8
Ennis Business Forms *business forms*	23.8	21.5	26	87.7	6.45	16.86	23	23⅜	14	3.63	6.4
• **Federated Investors** *investment advisory services*	23.7	69.4	110	77.9	15.75	5.89	16	45	50	4.09	11.0
Management Science Amer *computer software*	23.7	15.1	47	67.1	5.49	5.29	3	28½	28	0.80	35.6
Cutco Industries *beauty salons*	23.6	17.3	44	11.5	0.70	5.25	0	8	–37	0.91	8.7
• **Diagnostic/Retrieval Systems** *computer equipment*	23.6	28.3	133	18.0	2.08	5.46	9	24¼	49	1.55	15.6
Newcor *industrial machinery*	23.6	25.7	35	69.6	3.19	9.56	21	16½	73	2.46	6.7
CRS Group *architect, engineering*	23.3	21.6	16	98.5	6.17	12.63	3	18⅞	–9	2.73	6.9
• **Fey Industries** *promotional products*	23.3	31.9	28	5.9	0.80	1.91	4	4¼	21	0.61	6.9
• **Scientific Software** *software for energy industry*	23.2	27.6	106	14.8	1.66	2.57	18	12¼	–7	0.71	17.9
• **Kyle Technology** *health care products*	23.2	15.7	70	4.6	0.76	2.09	0	4⅜	–59	0.33	13.2
• **First Am Bank of Palm Beach** *banking*	23.1	20.9	28	48.9	4.31	4.16	44	6⅝	0	0.87	7.6
Tellabs *telecomm equipment*	23.1	25.7	43	48.5	7.04	4.66	15	18¾	–23	1.20	15.6
American Recreation Centers *bowling centers*	23.1	15.8	21	18.0	1.61	7.56	59	9¼	36	1.20	7.7
• **Andersen Group** *electronics*	23.1	26.1	30	22.4	1.96	7.77	25	17	74	2.03	8.3
• **Integraph** *computer equipment*	23.1	18.0	68	91.1	8.27	4.81	10	25⅜	1	0.87	29.1
• **Sea Galley Stores** *restaurants*	23.0	11.5	46	49.0	2.21	5.28	82	7⅝	5	0.61	12.4
Micro Mask *photographic equipment*	23.0	11.2	12	21.8	1.39	7.27	19	11½	53	0.82	14.0
Ohio-Sealy Mattress *mattresses and boxsprings*	22.9	20.5	22	64.1	5.85	5.65	31	9⅝	28	1.16	8.2
ISI *precision instruments*	22.9	18.7	25	12.1	1.38	4.97	28	13½	74	0.93	14.5
• **Texscan** *electronics*	22.8	13.3	66	40.5	4.01	5.48	0	13⅜	0	0.73	18.3
• **Sterner Lighting Systems** *electrical equipment*	22.6	28.1	125	22.0	1.20	4.41	41	9	50	1.24	7.2
Vulcan *footwear parts*	22.5	14.5	16	45.9	3.95	12.06	10	8⅞	–17	1.75	5.0
• **Terminal Data** *office equipment*	22.4	17.3	22	23.2	1.30	5.66	29	12¼	–5	0.98	12.5
• **New Yorker Magazine** *publishing*	22.4	25.1	23	66.8	5.27	26.49	0	75	0	6.67	11.2

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The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	12-month P/E
• **Sturm, Ruger & Co** *firearms*	22.3%	18.9%	16%	$95.4	$12.31	$19.97	0%	19½	9%	$3.78	5.1
Sigmaform Corp *plastic tubing*	22.3	12.9	30	17.8	1.94	7.34	18	13¼	15	0.95	13.9
• **Posi-Seal Intl** *valves*	22.1	28.3	37	32.7	2.87	4.13	73	8½	–10	1.17	7.2
• **SFE Technologies** *electronics*	22.0	19.2	128	45.6	3.12	6.51	49	16¼	19	1.25	13.0
• **Hunt Mfg** *office supplies*	21.9	24.8	18	73.9	4.80	4.66	63	14⅞	6	1.16	12.8
• **United Medical** *health care services*	21.9	15.9	54	7.5	1.20	3.89	0	8¼	–9	0.62	13.3
• **Bluewater Oil & Gas** *oil & gas exploration, prod*	21.9	30.4	45	5.4	2.06	1.48	0	3⅜	–48	0.45	7.4
• **Dawson Geophysical** *oilfield services*	21.9	18.3	42	16.0	3.04	5.34	7	5⅝	–64	0.98	5.7
Frigitronics *eyeglass lenses*	21.7	21.1	20	96.6	5.32	8.28	16	15⅝	–11	1.75	8.9
Photo Control *photographic equipment*	21.5	19.6	24	8.6	0.79	3.91	32	4	23	0.77	5.1
• **Arnold Industries†** *trucking*	21.4	17.3	17	47.3	4.57	12.63	12	14¼	23	2.19	6.5
Electro-Catheter *health care products*	21.3	18.6	15	5.7	0.43	2.57	6	6¾	28	0.48	14.0
• **Postal Instant Press** *printing*	21.3	22.5	30	15.1	3.07	5.09	7	13⅛	0	1.15	11.4
• **AFA Protective Systems** *protective alarm services*	21.2	37.9	36	15.1	0.85	8.67	6	29	152	3.29	8.8
• **Lundy Electronics & Systems** *computer equipment*	21.1	10.6	43	28.0	1.17	9.37	62	9¼	8	1.00	9.2
Atlantic American *insurance*	21.1	17.1	29	40.5	4.02	8.15	21	10¼	0	1.40	7.3
Federated Gty Life Ins *insurance*	21.1	23.0	32	26.5	7.13	7.28	0	8	–3	1.68	4.7
George Washington *insurance*	21.1	12.3	22	33.2	2.51	5.10	5	3⅞	0	0.63	6.1
Electronics, Missiles & Comm *electronics*	21.0	11.3	52	6.8	0.48	0.97	44	13¼	–11	0.11	NM
• **SEI Corp** *bank computer services*	20.9	18.8	25	32.6	2.54	6.58	0	26½	8	1.24	21.3
• **Math Applications Group** *computer services*	20.9	18.7	44	7.8	0.67	2.13	13	14	–22	0.40	35.0
• **Bonray Drilling** *onshore drilling*	20.8	30.6	60	34.1	8.31	6.17	36	3	–63	1.89	1.5
• **BalCo Energy** *oil and gas explor, develop*	20.8	5.8	28	3.8	0.49	2.40	0	2⅛	–23	0.14	20.5
• **Tandon** *computer equipment*	20.8	13.3	115	54.1	4.51	4.19	0	17	19	0.56	30.3
RAI Research *battery equipment*	20.7	24.1	20	6.0	1.06	2.61	21	6½	44	0.63	10.3
Pandick Press *printing*	20.7	26.2	49	75.8	5.51	6.54	47	17	8	1.72	9.8
Anderson, Greenwood *valves*	20.5	17.7	26	53.6	5.54	8.27	18	12⅛	1	1.47	8.2
• **Cam-Or** *industrial services*	20.4	19.1	31	13.4	1.05	7.17	38	11¾	0	1.37	8.5
• **Tech/Ops** *precision instruments*	20.4	33.2	69	28.2	2.31	6.62	94	15⅞	–4	2.20	7.2
Acme United *health care supplies*	20.4	17.3	18	40.4	3.30	6.96	51	14¼	–24	1.21	11.7
Precision Castparts *precision casting*	20.3	15.9	19	92.5	4.78	16.34	54	25¾	–10	2.61	9.8
• **Mentor** *medical research*	20.2	27.5	45	4.4	0.42	1.27	26	16	236	0.35	45.7
• **Aeroflex Labs** *electronics*	20.1	22.0	51	28.7	3.18	5.36	42	16⅝	41	1.18	14.0

• New addition to 1982 Up & Comers list. *Latest fiscal year. †Acquired last year's Up & Comer New Penn Motor Express. NM: Not meaningful.

Source: Standard & Poor's

The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	Latest 12-month P/E
Pat Fashions Industries *apparel*	20.1%	15.1%	28%	$75.6	$4.49	$24.68	2%	15¾	–8%	$3.75	4.2
• **Radiofone** *communication equip*	20.1	11.7	125	7.6	1.55	6.03	17	24⅞	30	0.71	35.0
Infrared Industries *electronics*	19.9	10.8	17	15.4	0.66	4.25	22	7¾	10	0.46	16.8
• **Ratliff Drilling & Exploration** *onshore drilling*	19.9	22.5	46	37.0	6.72	7.98	98	4⅜	–69	1.80	2.4
Timeplex *computer equip and services*	19.8	7.7	33	28.5	1.71	5.42	37	11⅛	15	0.42	26.4
Breeze Corp *aerospace, auto parts*	19.8	18.6	63	34.3	2.49	16.67	18	27¼	43	3.11	8.7
Electronic Modules *electronics*	19.7	23.5	35	32.8	2.14	3.02	14	17¼	50	0.71	24.2
• **Applied Magnetics** *computer equipment*	19.7	15.9	126	73.9	6.63	10.63	8	14⅛	–11	1.70	8.3
Turner Construction *construction*	19.6	24.3	31	49.0	9.69	20.91	32	25⅛	–9	5.09	4.9
• **Sierra Research** *electronics*	19.6	16.4	24	55.8	1.60	9.07	99	18	35	1.49	12.0
• **Whitehall** *marine equip, electronics*	19.5	30.1	41	53.9	4.91	6.01	5	26⅞	18	1.81	14.8
Optical Radiation *electronics*	19.4	11.0	16	18.5	1.23	7.62	14	16½	34	0.84	19.6
• **Dunkin' Donuts** *fast food*	19.3	17.4	17	68.6	5.74	11.63	88	21½	50	2.03	10.5
• **AMEDCO** *health care products*	19.3	13.6	22	80.0	3.17	10.28	66	19¼	10	1.40	13.7
G&K Services *linen and uniform rentals*	19.2	17.9	16	42.1	2.43	7.35	18	9⅝	4	1.32	7.2
• **Pansophic Systems** *computer software*	19.1	25.8	34	35.5	4.63	2.71	1	13¾	22	0.70	19.6
• **Glasrock Med Services** *health care services*	19.0	17.2	86	43.8	4.00	5.44	25	21½	19	0.94	22.8
American Plan *insurance*	19.0	13.1	18	17.5	1.02	5.41	14	4¼	48	0.71	5.9
IPM Technology *airline services*	18.9	6.3	63	58.6	0.62	5.34	61	2½	–51	0.34	7.3
• **Restaurant Associates** *food service*	18.8	13.0	40	99.1	2.35	5.27	56	4¼	3	0.69	6.1
Chesapeake Utilities *natural gas*	18.7	16.6	27	41.2	2.53	23.73	22	15½	–3	3.96	3.9
• **REDM Industries** *electronics*	18.7	17.5	33	32.1	1.89	7.99	19	8⅝	9	1.40	6.1
• **MSI Data** *computer services*	18.7	18.3	12	55.3	4.78	9.81	2	18¾	16	1.80	10.4
Scurry-Rainbow Oil *oil and gas, mining*	18.7	13.2	40	51.7	9.41	35.97	9	39¾	–10	4.75	8.3
• **Stocker & Yale** *precision instruments*	18.6	19.8	22	8.3	1.44	7.25	0	10¼	–6	1.44	7.1
Oakwood Homes *manufactured homes*	18.6	13.6	16	44.7	3.09	15.40	14	27¾	63	2.10	13.2
• **Printronix** *computer equipment*	18.5	16.6	24	64.8	5.15	8.51	6	23¾	30	1.42	16.7
Scope Industries *recycling food wastes*	18.5	11.4	19	21.9	3.44	14.01	1	23¼	–13	1.60	14.5
• **Watsco** *climate-control equip*	18.5	16.1	23	14.9	1.01	5.88	87	8⅞	31	0.95	9.3
• **Computer & Comm Tech** *computer equipment*	18.4	12.9	123	61.7	6.21	8.36	2	9½	–62	1.08	8.7
• **ACMAT** *construction*	18.3	26.6	76	14.9	0.94	2.89	53	5¾	4	0.77	7.4
• **Piper, Jaffray** *securities brokerage*	18.2	12.0	15	84.6	6.27	24.71	1	33	8	2.98	11.0
• **Software AG Systems Group** *computer software*	18.1	5.0	35	24.6	0.97	3.18	3	8	–38	0.16	50.0

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• **Computer Data Systems** *computer services*	18.1%	20.4%	52%	$25.7	$1.17	$3.87	29%	12¾	75%	$0.79	16.1
Golden Enterprises *snack foods, fasteners*	17.9	22.3	21	76.2	5.32	7.03	7	13¾	–3	1.57	8.7
• **Topaz** *industrial machinery*	17.9	21.6	23	37.4	2.74	3.42	41	14¼	38	0.74	19.2
• **Xidex** *microfilm duplicator*	17.9	23.6	28	93.3	9.68	9.44	61	28½	– 4	2.23	12.7
• **C 3** *computer software*	17.8	20.7	51	48.5	8.36	4.91	2	14¼	–28	1.02	13.9
• **Schwab Safe** *safes*	17.5	16.0	20	12.1	0.88	8.18	0	8⅜	1	1.31	6.3
• **Elscint Ltd** *medical equipment*	17.4	28.0	107	71.9	10.08	5.56	58	21¾	3	1.56	13.9
• **Allied Security** *industrial services*	17.2	17.8	18	27.5	0.78	5.93	20	4⅞	–27	1.06	4.5
• **Langley** *aerospace*	17.2	20.3	22	10.2	0.89	4.37	0	4¼	36	0.89	4.7
Regency Electronics *electronics*	17.2	12.8	41	66.2	5.06	7.30	5	10⅝	0	0.94	11.2
• **Aero Systems** *aerospace*	17.2	18.0	18	17.2	0.81	0.83	29	4	33	0.15	26.6
• **New Orleans Bancshares** *bank holding*	17.0	18.3	28	82.3	6.69	26.03	35	26	0	4.77	5.4
• **American Controlled Inds** *mechanical equipment*	16.9	17.5	24	22.0	3.37	20.47	39	21	16	3.60	5.8
Depositors Corp *bank holding*	16.9	16.2	17	71.6	6.01	21.35	24	25½	36	3.47	7.3
First Connecticut Bancorp *bank holding*	16.9	16.6	20	78.2	8.36	30.42	5	31	29	5.07	6.1
• **Lynch Corp** *precision instruments*	16.9	6.8	117	19.0	1.33	9.66	6	6¾	–5	0.66	10.2
• **Computer Task Group** *computer services*	16.8	13.2	22	37.3	1.27	7.70	12	8¾	–25	1.02	8.5
• **First Wyo Bancorp** *bank holding*	16.8	15.0	15	75.3	7.88	14.76	32	13⅞	–19	2.22	6.2
• **New Hampshire Ball Brngs** *ball bearings*	16.8	15.2	20	60.6	4.71	18.65	18	29¼	–7	2.85	10.2
• **Snelling & Snelling** *employment services*	16.7	20.2	120	21.7	1.37	5.52	47	3	–33	1.12	2.6
• **Cado Systems** *computer systems*	16.7	10.3	67	46.0	5.54	5.59	0	10¼	–30	0.58	17.6
Wham-O Mfg *recreational equipment*	16.7	11.4	27	28.0	1.70	15.30	0	14½	70	1.75	8.2
• **Photronics** *mechanical equipment*	16.7	29.3	40	4.3	0.45	1.60	6	3⅜	–20	0.47	7.1
• **Hipotronics** *electronic equipment*	16.7	22.9	39	15.8	2.30	5.89	0	13⅜	–37	1.35	9.9
• **Geothermal Resources Intl** *finance, geothermal energy*	16.7	13.0	57	16.5	6.78	7.03	56	8¾	–27	0.92	9.5
• **Bank of Commerce NY** *banking*	16.6	22.1	35	49.8	6.91	20.46	0	21	–14	4.53	4.6
• **Sage Drilling** *onshore drilling*	16.4	22.1	50	22.8	2.98	7.69	8	4¼	–67	1.70	2.5
• **Gram Industries** *air freight*	16.4	23.2	80	29.7	1.81	1.29	34	1⅞	0	0.30	6.2
• **Miller Technology & Comm** *educational services*	16.3	8.9	73	5.6	0.68	3.89	6	5½	–41	0.35	15.7
• **Statex Petroleum** *oil and gas*	16.3	9.6	36	11.7	2.55	7.70	1	8⅞	–34	0.74	11.9
• **GI Export** *automotive exporter*	16.2	14.9	37	15.0	1.42	4.95	0	4⅜	29	0.74	5.9
• **Conifer Group** *bank holding*	16.2	18.6	35	72.2	6.18	29.40	31	24	14	5.49	4.3
Raymond Industries *military, heating parts*	16.2	13.5	23	46.7	3.16	13.80	24	20¾	28	1.87	11.0

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

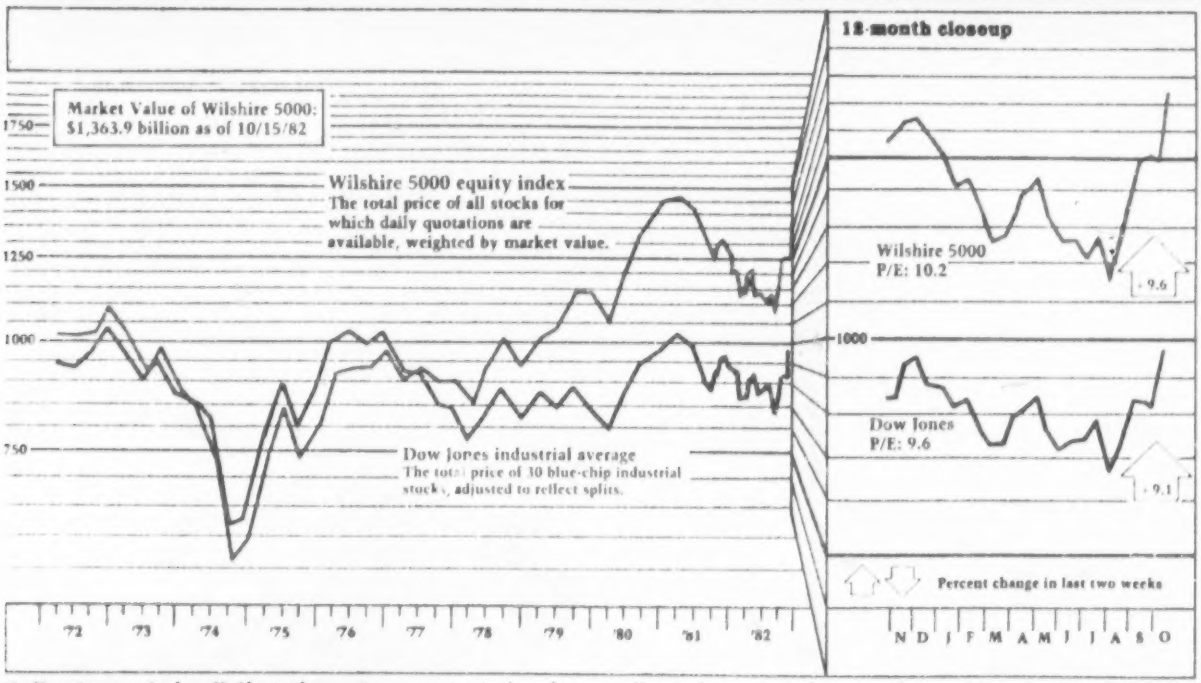
The Up & Comers Class of '82

Company/*business*	Return on equity 5-year average	Return on equity latest 12 months	5-year EPS growth rate	Net sales* (million)	Net income* (million)	Book value per share	Long-term debt as % of book	Price recent	Price % change 1982	Latest 12-month EPS	12-month P/E
Lil' Champ Food Stores *convenience food stores*	16.1%	16.7%	17%	$49.7	$1.55	$12.62	24%	22	76%	$2.11	10.4
• **Charles River Breedg Labs** *breeds lab animals*	16.1	14.4	21	39.3	5.19	15.20	10	31	–21	2.19	14.1
• **Washington Scientific** *precision equipment*	16.0	13.0	36	16.9	1.53	9.96	15	6	–41	1.30	4.6
• **Baldwin & Lyons** *insurance*	16.0	12.5	18	47.8	5.94	42.31	0	34½	6	5.33	6.4
• **Micom Systems** *computer equipment*	15.9	20.4	143	49.6	7.78	6.56	0	36½	28	1.34	27.2
• **Blessings** *diaper service, plastics*	15.9	15.7	18	62.5	2.41	17.25	46	14⅛	94	2.71	5.2
• **Logicon** *computer equip, services*	15.8	15.6	20	61.3	2.35	8.48	5	20⅛	30	1.33	15.3
• **McCormick Oil & Gas** *oil and gas explor, prod*	15.7	28.0	74	58.3	16.17	3.99	77	6⅛	–65	1.12	5.4
• **Designatronics Inc** *electro-mech, mech compo*	15.7	22.3	109	13.5	0.87	3.58	40	7	28	0.80	8.7
SCI Systems *electronics*	15.6	13.3	38	90.0	4.11	8.49	99	28	31	1.13	24.7
Kleer-Vu Industries *plastics*	15.6	17.9	51	14.6	0.56	6.30	54	6	5	1.13	5.3
• **Castle Industries** *manufactured housing*	15.6	24.8	113	22.4	1.07	3.78	11	8	–17	0.94	8.5
• **Felmont Oil** *oil and gas, chemicals*	15.6	11.4	19	70.1	11.24	9.38	11	12⅞	–38	1.07	12.0
• **Advanced Systems** *training materials*	15.5	31.8	53	28.8	2.62	3.64	13	10¼	–25	1.16	9.2
• **Lumex** *health care equipment*	15.5	10.9	28	30.6	1.68	8.60	51	27¼	74	0.94	28.9
Chieftain Development *oil and gas drilling*	15.5	12.7	23	69.9	12.44	6.26	95	17½	–8	0.80	21.8
• **Astronics** *packaging*	15.5	18.7	23	10.3	0.82	5.16	86	5¼	–16	0.97	5.4
• **Academy Ins Group** *insurance*	15.4	36.1	144	48.3	6.97	3.82	22	17½	22	1.38	12.6
• **First Bankers Corp Florida** *bank holding*	15.4	20.6	20	49.2	6.82	15.78	2	18¾	10	3.26	5.7
• **Sunair Electronics** *communications equip*	15.4	14.7	19	14.0	2.50	6.79	0	9⅛	–26	1.00	9.1
• **Realex Corp** *plastics, chemicals*	15.3	17.8	16	30.4	2.17	21.59	8	16	–9	3.86	4.1
• **Eaton Vance** *investment advisory services*	15.3	14.3	18	8.9	1.31	8.29	0	14	–11	1.19	11.7
• **Stryker Corp** *health care equipment*	15.2	19.6	25	42.8	3.87	6.77	0	28¼	16	1.33	21.2
• **Narda Microwave** *electronics*	15.2	12.4	48	27.9	2.39	12.35	26	15½	–24	1.54	10.0
• **Dauphin Deposit** *bank holding*	15.1	16.6	16	78.4	11.46	56.03	0	46	0	9.32	4.9
• **Standard Shares** *multicompany*	15.1	21.1	20	75.8	26.79	49.13	2	35	–18	10.40	3.3
• **Pyramid Oil** *oil and gas*	15.1	12.1	39	11.9	1.57	1.98	1	3½	–22	0.24	14.5
• **Frederick's of Hollywood** *apparel*	15.0	13.3	24	39.3	2.23	7.73	13	7⅛	–29	1.03	7.1
• **Computer Entry Systems** *computer equipment*	15.0	18.6	55	7.8	1.47	2.58	10	4½	–23	0.48	9.3
• **Kencope Energy Cos** *oilfield services*	15.0	16.9	30	34.0	4.54	5.97	5	4½	–64	1.01	4.4
• **Professional Care Services** *health care services*	15.0	33.0	106	5.7	0.43	1.24	90	6	0	0.41	14.6
• **Koss** *electronics*	15.0	13.4	93	23.9	1.71	3.19	22	4⅜	–32	0.43	10.1
• **NCA** *software for engnrg, mfg*	15.0	9.8	68	12.0	1.64	3.77	16	8½	–52	0.37	22.9

• New addition to 1982 Up & Comers list. *Latest fiscal year.

Source: Standard & Poor's.

The Forbes/Wilshire 5000 Review



Bulls stampede in all directions. Every major index shot upward, with the broad-based Wilshire 5000 and the narrow Dow Jones industrials almost in sync during the second leg of the 1982 bull market rally.

Behind the scenes, as institutional investors were selling blue chip darlings, they were buying energy stocks: domestic and international oils and big oil service companies like Schlumberger on the NYSE, and everything from oil production to oil exploration companies on the Amex and NASDAQ.

Thus it's not surprising that the Amex outpaced the other markets slightly--advancing 10.9% in the latest rally. It has more than its share of hot, little oil-related companies.

Watch out, though. The institutions are going into oils on a trading basis--that is, short term. Crude oil prices are up, a big auction of potential oil-producing properties is over, freeing funds for exploration, and exploration costs promise to fall amidst a glut of rigs and pipe. But a downturn in spot oil prices could end the parade.

The four-week market focus data, meanwhile, show speculative issues generally making slight gains over their more conservative counterparts. But on a 52-week basis, high P/E issues still lag far behind low-multiple stocks.

Close-up On The Equity Markets

Performance of six leading indexes

Percent change	Wilshire 5000	Forbes 500[1]	Dow Jones industrials	NYSE Composite	Amex Market Value Index	NASDAQ Composite
in last 4 weeks	9.2	8.9	8.3	9.1	8.6	9.6
in last 52 weeks	9.4	NA	16.6	11.0	2.2	7.5

Stock performance based on five key investor yardsticks

Percent change	Volatility[2]		P/E multiple		Dividend yield		Growth profile[3]		Share price	
	high	low	over 25	under 5	over 7.5%	none	high	low	over $40	under $4
in last 4 weeks	10.1	8.2	10.1	8.1	8.6	9.7	11.5	8.8	8.7	7.5
in last 52 weeks	14.8	20.4	0.6	25.9	21.6	22.6	18.5	20.0	10.9	9.0

NA Not available
[1]Based on sales.
[2]A stock's sensitivity to overall market movement. High-volatility issues have wide price fluctuations, low-volatility issues are more stable.
[3]A quantitative evaluation of a stock's growth image, determined by Wilshire Associates.

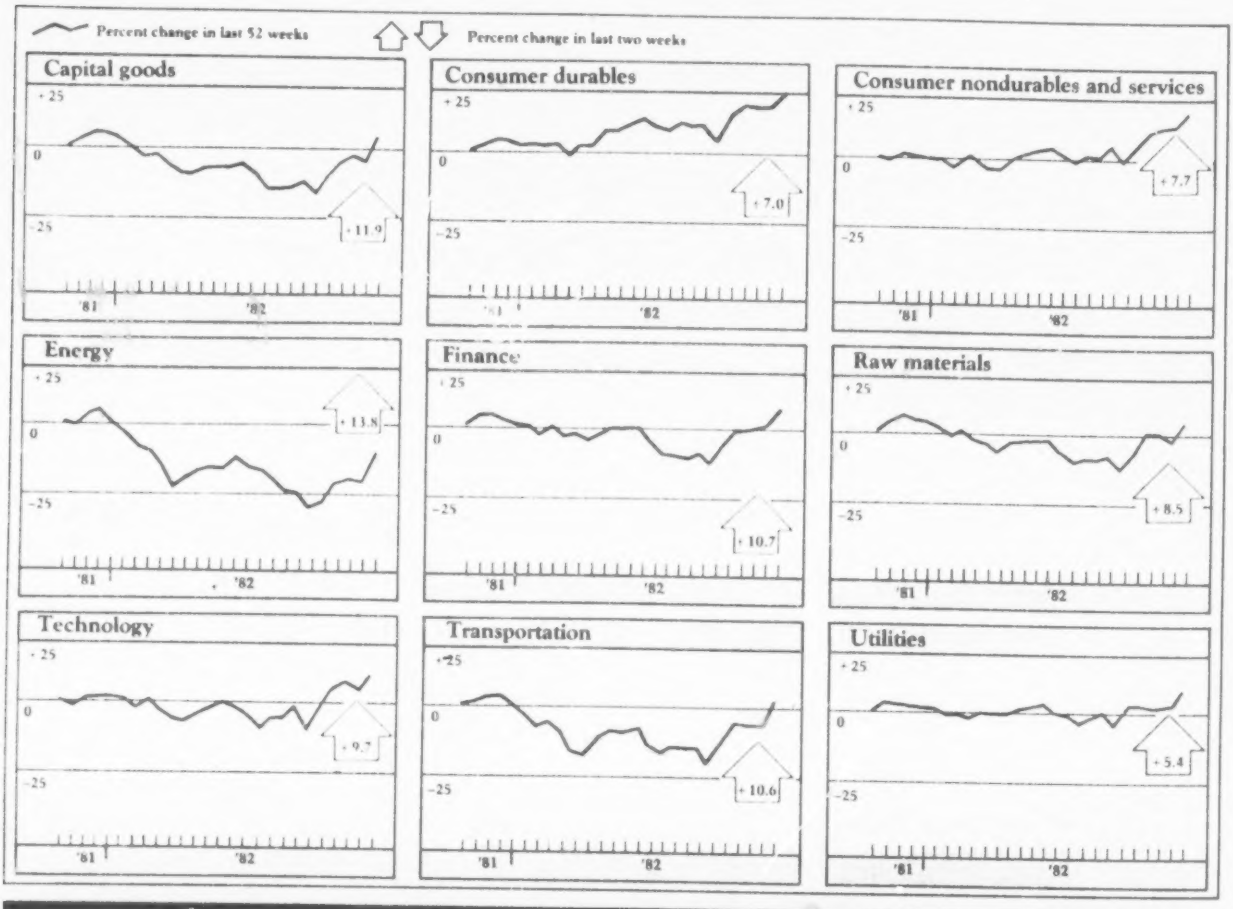
Note: All data for periods ending 10/15/82. Prepared by Wilshire Associates, Santa Monica, Calif.

Where The Action Is

And the worm turns. The second leg of the 1982 rally brought big changes in the sector trend lines. Utilities, strong until recently, didn't keep pace. Nor did financial companies and consumer nondurables.

This burst of market strength saw a strong uptick in energy issues, with the sudden switch into oils, along with new life in raw materials and capital goods—areas that have been trailing the market until now.

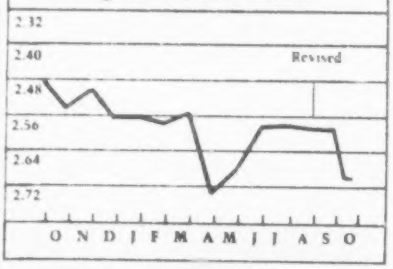
Investors, it seems, may suddenly be believing in an economic recovery after all.



What The Analysts Think

Seeing recovery? The analysts changed their opinions, ever so slightly, about raw materials stocks. Dragging the bottom, these issues edged into seventh place two weeks ago and are now a notch higher. But the pros are turning less bullish, now, on energy, the darling of institutional traders in the past two weeks.

The experts' consensus



Rank	Sector	Current opinion	Rank 2 weeks ago	Rank 4 weeks ago
1	Technology	2.41	1	1
2	Utilities	2.53	2	3
3	Finance	2.56	4	6
4	Capital goods	2.60	3	2
5	Consumer non-durables	2.79	5	7
6	Raw materials	2.79	7	8
7	Energy	2.79	6	4
8	Transportation	2.81	8	5
9	Consumer durables	3.05	9	9

Opinion ratings are ranked on a scale of 1 (strong buy) to 5 (strong sell). Data reflect the views of 200 institutional analysts. The consensus of opinion graph is the composite rating of 1,200 stocks, while the sector breakdowns correspond to industry groups graphed above. All figures are weighted for market capitalization.

Note: All data for periods ending 10/15/82. Prepared by Wilshire Associates, Santa Monica, Calif.